

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

June 30, 2010

MOTOR CARRIER MATTER

☐

DOCKET NO.

2009-261-E

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

DOCKET NO. 2009-261-E - Application of South Carolina Electric & Gas Company for the Establishment and Approval of DSM Programs and Rate Rider - Discuss this Matter with the Commission.

COMMISSION ACTION:

This Commission has opened this Docket to consider SCE&G's Request for Approval of a Demand Side Management ("DSM") Plan, Including a Rate Rider and Portfolio of Energy Efficiency Programs. The Application requests that the Commission (i) consider the results of SCE&G's analysis of potential demand reduction and energy efficiency offerings or programs, (ii) review SCE&G's proposed suite of programs, and (iii) review an annual rider to allow recovery of SCE&G's costs and lost net margin revenue associated with its programs, along with appropriate incentives for investing in such programs consistent with provisions of the applicable South Carolina statute. This Commission allowed for public comment and intervention in this Docket, and numerous parties, representing a broad spectrum of stakeholders, intervened.

The Commission heard from numerous witnesses in the case at the hearing. Subsequently, two Settlement Agreements were presented for review. The industrial customers, the Company, and ORS entered into one agreement, which would allow all industrial customer accounts to opt-out of the DSM and Energy Efficiency/Demand Response programs and costs at issue. Under the proposal, an industrial customer may notify SCE&G in writing that the customer has implemented or will implement alternative DSM and Energy Efficiency/Demand Response programs at its own expense and does not wish to participate in SCE&G's program. In the second Settlement Agreement, the Environmental Intervenors, Southern Environmental Law Center and South Carolina Coastal Conservation League, joined with Frank Knapp, Jr., the Company, and ORS in endorsing the terms therein. These parties agreed to accept all audit adjustments as put forth by ORS witness Christina Seale. The Second Agreement also outlines a mechanism that encourages the Company to promote energy savings by allowing the Company, via a rider, the ability to recover net lost revenues, recover program costs, and earn an incentive based on energy savings created by its programs. A specific review procedure for the mechanism is also established. The parties to the Second Agreement agreed to recommend that the Commission approve the Company's energy efficiency programs as proposed in the Company's application and described in testimony as modified. An advisory group is established under the Second Agreement, as is a means for establishing an Evaluation, Measurement, and Verification plan and a commitment from SCE&G to propose a low-income program for implementation in program year two or year three. The advisory group will include representatives from SCE&G, the Office of Regulatory Staff, environmental groups, small business, industrials, and low income customers. The group will review and comment on proposed programs and provide ideas for revisions to existing programs and for new programs.

The Second Agreement proposes recovery of program costs by means of a rate rider, which shall

be reviewed and adjusted in each annual recovery proceeding. The Agreement calls for the Company to defer and amortize into the rate rider calculation all prudently incurred costs for the programs implemented in conformity with the Agreement and the terms of the Commission Order over five years with carrying costs at the Company's weighted average cost of capital. A mechanism for recovery of net lost revenues is included, as is a shared savings incentive of 6%. The incentive will be amortized over five years without interest or carrying costs and added to the calculation of the Company's annual rider. The Second Agreement contains certain reporting requirements, such as a comprehensive report to be filed by SCE&G consistent with the recommendations in the direct testimony of ORS witness Randy Gunn as previously prefiled in this docket.

I move that we approve the two Settlement Agreements in this proceeding as being in the public interest. The terms of the Agreements are fair to all the stakeholders, including the using and consuming public. I believe that appropriate review mechanisms are included. The proposed rider allows for a fair recovery of costs, net lost revenues, and provides an incentive to the Company as required by S.C. Code Ann. Section 58-37-20 (Supp. 2009). The programs as proposed appear to be helpful in allowing the public to participate in energy efficiency and demand side management activities, thereby affording consumers an opportunity to manage their electricity consumption. The implementation of cost effective energy efficiency and demand side management programs should benefit both the utility and the customer. Customers will benefit by reducing their electricity consumption and/or by switching their consumption to off-peak periods when the cost of producing electricity is lower. As customers reduce electricity consumption, the Company benefits by eliminating or delaying the need to construct new power plants. When customers shift load from peak periods to off-peak periods, the Company benefits from operating base load and intermediate generating units more efficiently and by eliminating or delaying the need to construct new peaking generating units.

PRESIDING: Fleming

SESSION: Regular

TIME: 2:30 p.m.

	MOTION	YES	NO	OTHER
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HALL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Not Voting</u>
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Commissioner Hall was not a member of the Commission at the time of the Hearing.

(SEAL)

RECORDED BY: J. Schmieding

